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Feb 18

BLACK DIAMOND CHEESE, LIMITED - ANNUAL REPORT 1965



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APR 22 1966

Black Diamond Cheese, Limited

	Donald Greenleaf Joss	
Directors	W. D. Cook	W. P. Walker, O.B.E.
	M. G. Weiner	C. H. Kemp, Q.C.
	Wm. E. Taylor	M. L. Macrae
Officers		
	Chairman of the Board & President	D. Greenleaf Joss
	Vice President, Manufacturing	W. D. Cook
	Vice President, Marketing	M. G. Weiner
	Secretary-Treasurer	D. H. McPhee
Senior Personnel		
	Director, Research & Development	J. W. McGee
	Production Superintendent	T. A. J. Stubbert
	Warehouse Superintendent	R. G. Cruickshank
	Cheese Processing Superintendent	J. Ashjian
	Maintenance Superintendent	F. J. White
	Chief Accountant	T. C. Boyle
	Supervisor, Data Processing	R. F. McGann
	Eastern Canada Sales Manager	Hormisdas Lehoux
	Laboratory Supervisor	George Schulz
Union		
	President: Robert G. Poste	
	United Packinghouse, Food and Allied Workers, A.F.L.-C.I.O.-C.L.C.,	
	Local 688	
Auditors		
	Geo. A. Welch & Company.	



The Chairman's Letter

This will be my second opportunity to report to many of you as shareholders of the Company. You will recall that the theme of last year's Annual Report was "Building for the Future". Your Management feels confident that considerable progress has been made in this direction over the past year.

The major internal problem of 1965 was to bring our production costs under effective control and keep them there. This has been done, and a loss of \$17,000 at the end of June was converted to a profit by the end of the year. The next big job will be to increase sales in line with unused capacity in the plant.

The net profit of the Company, before taxes, is still only approximately one percent of sales, which is below the industry average, which is somewhat less than three percent. It will be Management's intention to make every effort to move the Company's profit position to the industry average, or above it, by 1967. The Dairy Industry generally has been going through very difficult times, but a general improvement now appears to be on the horizon and this should indirectly benefit your Company.

A great deal of new equipment has been added over the past two years in all of our packaging lines, with the Cheddar Cheese Packing Operation receiving a complete overhaul in late 1965.

The Company's Centennial Project will be to encourage plant tours and use them as a local tourist attraction for the summer of 1967. Renovations to the inside of the plant will shortly be taking place to accommodate these tours and look after the many guests that will visit us. A film has been ordered portraying the story of the Company, and this will be produced during the summer of 1966 for showing and distribution in 1967. It is Management's opinion that we will have one of the most up-to-date packaging and processing cheese operations in North America in the near future, and it will be in the interest of the Company to show it to our customers.

At the end of this Report, you will find a short history of the Cheese Industry and also the Company, which will be reprinted and distributed to our visitors in 1967.

Sales of the Company in 1965 declined by \$600,000. This is the result of two situations. Firstly, in 1964, the

Company sold a substantial amount of surplus butter for the Canadian Government. This was not repeated in 1965. It was also Management's policy in 1965 to make several adjustments in the products handled by the Company, so that only fast-moving and profitable items were retained in the Company's line.

Sales by major product category, however, continued to improve. Prepackaged Black Diamond Cheddar Cheese moved ahead substantially on the domestic market, notwithstanding the fact that the Company maintained realistic selling prices throughout the entire year in the face of substantial cost-cutting competition from leading competitors.

Process sales showed a slight decline, which was the result of Management's programme of selected sales at profitable prices. Substantial Black Diamond Process sales gains have been registered so far in 1966.

The largest sales gains in 1965 were noted in the Gourmet Cheese varieties. This is in keeping with the current affluent society in Canada and the greater awareness of the Canadian consumer of the many varieties of cheese available.

New products introduced last year were Black Diamond Salt-Free Cheddar Cheese, Double Gloucester Cheese, and Zippy Dip in three flavours. Zippy Dip is the first venture by the Company into a non-dairy product. It is too early at this point to determine the exact success of this product since it was only introduced late in 1965. Initial response has been favourable, and Management is looking forward to considerable improvement during this year.

Late in 1965, the Company also test-marketed a new rotogravure package for its Black Diamond Cheese Slices. This has met with immediate success and is resulting in substantial sales gains in the early part of this year compared to last year's sales of Black Diamond Slices.

There will be many major product changes during 1966, which you will no doubt observe as you visit your local supermarkets. Management will continue the Company's basic programme, of high-quality cheese in the most up-to-date consumer packages.

In last year's Annual Report, I had some misgivings in reference to the rapidly rising cheese market. The cost of new Cheddar Cheese on the Cheese Board moved from approximately 38 cents a pound in 1964 to 42 cents a pound in 1965.

Even though increased production was registered as a result of these higher prices, increased production both domestically and internationally has not yet satisfied world demands, and the Cheese Market continues strong.

The Milk Marketing Board of Ontario was formed during 1965, and the assets and operations of the Ontario Cheese Producers' Marketing Board have been turned over to this new Organization. This change should show no immediate effects on the operation of your Company. In the long term, however, it is the intention of the Milk Marketing Board to control all milk in the Province of Ontario and direct it towards uses in greatest demand at any given time. If this long-term goal succeeds, in co-operation with other Provincial administrations, and the Federal Government, then it should be to the benefit of the entire Dairy Industry. It will definitely eliminate unbalanced production and the creation of surpluses of unneeded products, as milk will be directed for use in the production of dairy products that are currently in demand. Also, the Milk Producers themselves will eventually be paid on an equal basis for equal quality of milk which they produce.

Confusion, as far as Government Dairy Policy is concerned, in the Cheese Industry, has almost become an annual event.

This year appears to be no exception. Throughout the early part of March, the Ontario Milk Marketing Board was clearly indicating prices for Cheddar Cheese as high as 45½ cents, and this outlook was only forcibly changed towards the end of the month by the Federal Government's Announcement of a complete reversal in their 1965 policy, whereby this year they will subsidize milk used in the production of cheese. The net result is that the shippers of milk to cheese factories will receive a minimum of \$4.00 per hundred weight for milk, and it is possible that the price will be able to be retained at around the 42c to 43c. It is difficult to forecast exactly what the final programme for this year might be, however, since there appears to be the usual friction between the Ontario, Quebec, and Federal Governments on dairy policy.

A programme of cautious buying will be continued by your Management so that no sudden fluctuations in the Cheese Market could seriously affect the Inventory position of the Company. The greater importance of the Process Cheese business in your Company makes the rising or falling of the Cheese Market less important to the overall position of the operation. Process Cheese is made from cheese which is bought currently

and is turned over rapidly, so both the cost price and selling price are easily adjusted to market conditions. As far as the cheese which the Company is holding for maturing purposes, almost all of this cheese is sold either as Black Diamond branded Cheddar Cheese or through pre-priced contracts.

The Export Markets for the Company have continued as a minor item of total sales. The West Indies have replaced the United States as the major Export Market. Sales to the West Indies should continue to grow as the product name becomes better known in the Islands and the standard of living rises throughout the area.

A change in the Canadian Government policy toward a greater interest in the manufacturing of cheese in Canada has been noted during the past year. The Government has started to buy substantial amounts of Process Cheese for filling Export Contracts and Food Contracts for the United Nations. This has assisted the Company greatly in keeping its production facilities in operation.

As of April 1st, a major change in attitude on the part of the American Government, in reference to restrictions on shipping cheese to that country, has appeared to have taken place. Quota allocations for Cheddar Cheese entering the

United States from Canada have been increased by 200,000 pounds up to the end of June 1966. For the next quota year, it appears that Canada could receive a quota allocation of almost three times what its previous allocation was, and a supplemental allocation of another two times the original amount. Until further clarification can be obtained on exactly how this will be handled by the American Government, it is too early to project the degree of benefit which will be derived from these actions.

Black Diamond International Limited, the majority shareholder in your Company, has asked me to report to you that they have sold the Black Diamond trade names in the British Isles and Continental Europe to the Hovis, McDougall, Rank Organization in the United Kingdom. They have retained complete control of the Black Diamond trade marks throughout the rest of the world. They will make the monies received from the sale of the European and United Kingdom trade names available for the continued expansion of your Company.

In your Management's opinion, this move has not only strengthened the financial position of the total Black Diamond Organization, but it will also lead to a great strengthening of

the Black Diamond trade mark. In co-operation with the Hovis, McDougall, Rank Organization, it will be the intention of the Black Diamond International Limited to promote on an increasing scale Black Diamond Cheese in all world markets. It will also be the intention of both Organizations to pool their technical resources in innovations and packaging of various cheese products.

It is with regret that in 1965, Mr. Edward F. Grabowy left the firm in mid-May to take up a position with the Federal Government. Our new Secretary-Treasurer, Mr. D. H. McPhee, has taken over his position quite ably. I would also like to report the completion of successful negotiations with the local union for another two-year contract.

In conclusion, I express my appreciation to all the Company's employees and shareholders for their co-operation during the past year, and I believe that we can look forward to a year of considerable progress in 1966.

DONALD GREENLEAF JOSS

Financial Highlights

	1965	1964
Net Sales	\$7,061,516	\$7,605,865
Net Earnings for Year	\$65,508	\$6,698
Net Earnings per Share	\$7.35	\$.74
Cash Dividends Paid per Share	\$2.00	\$2.00
Working Capital at Year End	\$312,759	\$293,973
Long Term Debt at Year End	\$301,200	\$341,400
Number of Shares Outstanding	9000	9000
Number of Shareholders	46	46
Number of Employees	100	114
Wages, Salaries and other Employee Benefits	\$485,100	\$489,200

Black Diamond
And Wholly Owned Subsidiary

CONSOLIDATED BALANCE SHEET

as at December 31, 1965

ASSETS

Current

Cash on hand and in bank		\$ 24,876.20
Accounts receivable	558,654.36	
less Allowance for doubtful accounts	12,000.00	
		546,654.36
Inventories — at the lower of cost or market:		
Cheese and ingredients	2,910,776.32	
Supplies	124,624.58	
		3,035,400.90
Owing by Federal and Provincial Governments		12,074.46
Sundry deposits		7,140.72
Prepaid expenses		20,535.27
		3,646,681.91

Fixed

	Cost	Accumulated depreciation	Net
Land	8,870.00	—	8,870.00
Building	14,245.50	3,773.75	10,471.75
Plant and office equipment	428,831.42	222,749.78	206,081.64
Automotive equipment	51,666.60	31,067.71	20,598.89
	503,613.52	257,591.24	246,022.28
Leasehold improvements, less amounts written off		311,471.71	
			557,493.99
Excess of cost over book value of investment in			
Clover Valley Food Co. Limited			177,445.68
			4,381,621.58

Note: The lease on the premises expires in 1985, involving future payments of \$909,930 over the remaining term of the lease.

Approved on behalf of the Board:

DONALD GREENLEAF JOSS, Chairman

M. L. MACRAE, Director

Cheese, Limited

Clover Valley Food Co. Limited

CONSOLIDATED BALANCE SHEET

as at December 31, 1965

LIABILITIES

Current

Outstanding cheques	\$ 61,485.50
Bank loan (secured)	3,000,000.00
Accounts payable and accrued liabilities	227,069.52
Owing to Federal and Provincial Governments	5,168.41
Debenture payments due within one year	40,200.00
	<hr/>
	3,333,923.43

Note Payable — Black Diamond International Limited —
6½% due July 31, 1970

26,000.00

Debenture Payable (secured) — 6%

Payable on demand — Agreed terms of repayment —	
\$3,350 per month, plus interest	341,400.00
less Due in current year	40,200.00
	<hr/>
	301,200.00

Capital and Surplus

Capital Stock:

Authorized:

11,000 shares of no par value

495,000.00

Issued and fully paid:

9,000 shares

209,000.00

Earned Surplus

511,498.15

720,498.15

4,381,621.58

Submitted with our report to the Shareholders dated March 4, 1966.

GEO. A. WELCH & COMPANY

Chartered Accountants.

Black Diamond Cheese, Limited

AND WHOLLY OWNED SUBSIDIARY, CLOVER VALLEY FOOD CO. LIMITED

CONSOLIDATED STATEMENT OF EARNED SURPLUS

for year ended December 31, 1965

Balance, December 31, 1964	\$ 461,841.76
add:	
Net Profit for year	65,507.64
Overprovision for income taxes in prior year	3.75
Settlement on release from employment contract	2,500.00
	<hr/>
	529,853.15
deduct:	
Dividends paid	18,000.00
Life insurance premium	355.00
	<hr/>
	18,355.00
Balance, December 31, 1965	<hr/> 511,498.15

March 4, 1966.

To the Shareholders of
BLACK DIAMOND CHEESE, LIMITED.

We have examined the Consolidated Balance Sheet of BLACK DIAMOND CHEESE, LIMITED and wholly owned subsidiary, CLOVER VALLEY FOOD CO. LIMITED as at December 31, 1965 and the Consolidated Statements of Profit and Loss and Earned Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and Earned Surplus present fairly the combined financial position of the companies as at December 31, 1965 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GEO. A. WELCH & COMPANY,
Chartered Accountants.

From Ancient Times

Like many other of man's greatest inventions, the discovery of cheese is attributed to accident. According to legend, an itinerant merchant of Arabia named Kanana made the first cheese.

Preparing for one of his trading journeys, Kanana filled his canteen, made from a dried sheep's stomach, with goat's milk. He started at dawn and plodded through the hot mid-day sun. Because of the hazardous, long journey, he did not stop for his mid-day meal.

Long after nightfall, he stopped to drink from his canteen. Instead of slaking his thirst with milk, a thin watery liquid came out. He cut open the canteen and found a curious mass of white curd. He sampled the curd and found it to be a tasty food. In his haste to go on his journey, Kanana had selected a sheep's stomach which had not quite dried and in which rennet was still active. It was the action of this rennet which curdled the milk.

Cheese became so highly esteemed as a food that it became a medium of exchange and barter for the wandering tribes of Asia.

There are many references to cheese in the Old Testament. David was carrying ten cheeses to his brothers-in-arms when he met the giant, Goliath, and killed him. Homer mentions it in both the Iliad and the Odyssey.

By Caesar's time, cheesemaking was already an ancient art. Writing of the people of Britain in 54 B.C., Julius Caesar reported that "the British have plenty of milk, but they do not make cheese because of ignorance". Such ignorance must have seemed appalling to the Romans, who not only produced excellent cheese themselves, but also imported it from Switzerland, Greece and Southern France. The ancient Romans even had a "Cheese Week" and their markets carried cheese delicacies which might be purchased and offered to their gods.

A description of cheese manufacturing written in A.D. 60 by the Roman Lucius Columellas, who might be described as a "scientific farmer", corresponds step for step, with only minor variations, to the method used of the present day in producing the French Cheese "Port-Salut".

Viking sailors were sometimes paid in cheese on the completion of a voyage. From 1000 A.D., the art of cheesemaking developed rapidly in Europe and the British Isles. The French and Italians began to use damp, cool caves for curing cheeses.

Many cheeses were given the name of the area where they were first developed, such as Cheddar named after the village of Cheddar in Somersetshire, England, where it was first made in the late 16th century. Cheshire was first made in the reign of Elizabeth I of England in the village of Chester on the River Dee. It is said that it was molded originally in the form of the famous "Cheshire Cat".

Cheese is said to have first been brought to America in the ship's stores of the Mayflower in 1620. The first cheese factory in the United States was opened in 1851 near Rome, Oneida County, New York.



Cheese In Canada

The art of cheesemaking in Canada was brought to this country by its early pioneers from Europe. In the early days, cheese was made on the farm and was a useful method of storing milk not needed for immediate use. In fact, even today, there are still a few remote farms in the British Isles that manufacture their own cheese, and this is the derivation of the term "Farm House Cheese" a much sought after item by connoisseurs.

The Canadian Industry itself did not develop however until the first cheese factory was built in Oxford County, Ontario, in 1864. This factory was built by Harvey Farnington, a native of New York State, who had come to Canada the previous year.

During the first year of operation, the factory produced about ten tons of cheese, which were shipped to a cheese dealer in England and brought "satisfactory returns". As soon as these results became known, the Cheese Industry, in both Quebec and Ontario, began a very rapid development. By 1866, factories had become established in the Belleville Area and it is recorded that, by 1867, there were more than 200 factories in Ontario and the first Dairy Convention was held at Ingersoll.

Canada had a very small population in the late nineteenth century so the main market for this rapidly expanding industry became the United Kingdom. Because of its distinctive flavour and high quality, Canadian Cheddar Cheese earned early consumer acceptance in Britain and exports increased steadily from six million pounds in 1868 to fifty million pounds in 1882. By 1891, shipments had doubled to over one hundred million pounds, and shortly after the turn of the century, had doubled again to over two hundred million pounds in 1904. New factories were rapidly opened as the industry flourished, reaching a peak of twenty-three hundred cheese plants, and five hundred and seventy combined cheese and butter factories.

Following the production peak in 1904, exports of cheese turned downward to a low of fifty-three million pounds in 1935, climbing again to one hundred and twenty million pounds during World War II. Today the Export Market accounts for about twenty-five million pounds of Cheddar Cheese, mostly to the United Kingdom. The primary market for Canadian Cheddar Cheese is the domestic market, even though the small Export Market keeps the industry healthy and in a surplus free position.



The above picture was taken around 1898 — showing cheese being loaded for export at the Belleville harbour. It was later transferred to ocean going ships at Montreal. Even today the finest Canadian cheese in the United Kingdom is known as "Belleville-Brockville's".

Accompanying the decline in the Export Market was a gradual reduction in the number of cheese factories. This trend has been hastened by increased competition for milk supplies from creameries and condenseries which moved into cheese-producing areas. Also, modernization of existing cheese factories have lead to many amalgamations. At the present time, there are only about two hundred cheese factories operating in Canada, primarily in Eastern Ontario and Quebec.



Around 1900 over 2300 Cheese factories like the one pictured above, dotted the countryside of Eastern Canada.

The Mammoths

Even though the manufacture of Mammoth Cheeses was not of any great economic significance in Canada's early years of the Cheese Industry, it certainly added color and excitement to it.

Precedent for the creation of Mammoth Cheeses had been set in England in 1840 in the Cheddar District of Somerset, when a cheese was made requiring the milk of 750 cows on one day. Somewhat odd in shape, the cheese stood twenty feet high, was nine feet in circumference, and weighed 1,232 pounds. Known as "England's Monster", it was specially prepared as a wedding gift for Queen Victoria.

The first big Canadian Cheese was made in the first cheese factory in the Ingersoll District of Ontario. It weighed 7,300 pounds and was six feet ten inches in diameter, and three feet high. The cheese was first exhibited at the New York State Fair at Saratoga and then shipped to England where it went on further exhibit, being sold ultimately to a Liverpool buyer. The cheese was credited with being the forerunner of Canada's export cheese trade.

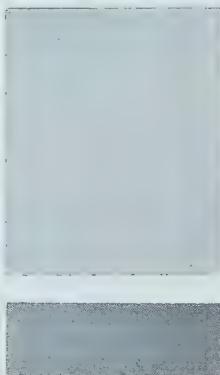


Picture courtesy Ontario Department of Agriculture

Pictured above is one of Canada's famous Mammoth Cheeses

In September, 1892, an exceptionally large cheese was made in the town of Perth, Ontario. It was planned for advertising purposes at the World's Fair in Chicago and was known, somewhat facetiously, as "The Canadian Mite". It weighed 22,000 pounds, was six feet high, twenty-eight feet in circumference, and required the milk of 10,000 cows for one day, or an amount of 207,000 pounds. Two day's curd from twelve cheese factories went into its production. It was reported as being "difficult to handle". Having been made in the Canadian Pacific Railway shed in Perth, it was necessary to remove the side of the shed to permit loading on two specially prepared flat cars for transportation to Chicago. After being placed in the Dairy Exhibit Building at the Fair, the heavy cheese suddenly plunged through the floor. It is recorded that Canada received a great deal of publicity as a result of this unexpected episode. The "Canadian Mite" was later sold to England.

During the years 1886—1891, several Mammoth Cheeses were made weighing from 5,000 pounds to 55,000 pounds to be used for promotional purposes in the United Kingdom. It is also interesting to note that Canadian Cheese won out against all competition at the World's Fair in Chicago in 1893.

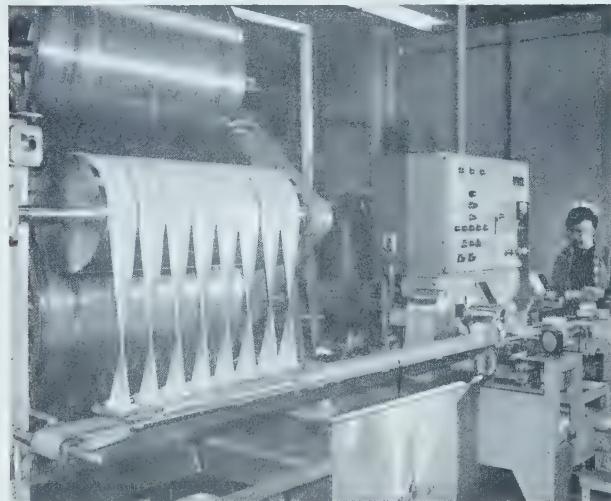


Process Cheese

Process (or Pasteurized Process) Cheese is made by grinding fine, natural cheeses, like Cheddar, and mixing them together, heating, stirring and adding an emulsifying agent, until it is in a thick liquid form. It is then poured into forms and cooled.

Cheese was heated and preserved in cans in Germany and Switzerland as early as 1895. The first United States' patent for processing cheese was issued in 1916.

Today — the largest single type of cheese consumed in Canada is Process Cheese, such as Cheese Slices, Cheez Pleez, and loaf cheese.



Picture courtesy William E. Riley

Process Cheese Slices are extruded in liquid form on long cooling belts and then stacked, cut, weighed and packaged automatically.

The Black Diamond Story

Black Diamond Cheese Limited was established in 1933, under the name of Belleville Cheddar Cheese Limited. Mr. Robert F. Hart, the founder of the Company, was originally from England and emigrated to Connecticut late in the nineteenth century. He entered the Cheese Business in New York State in 1897, and, during the period prior to 1933, spent much time in Canada purchasing cheese for the New York State Company he managed.

Like Harvey Farnington, the founder of Canada's first Cheese Factory in 1864, Mr. Hart came from New York State to Canada to promote a new idea in the Cheese Industry.

Up until this date, most cheese exported to the United Kingdom was shipped before being aged, with the importer completing the maturing process in the United Kingdom. Mr. Hart felt that a standard high-quality mature product could find a market in the British Isles, and, accordingly, the Belleville Cheddar Cheese Company was founded for that purpose. The name "Black Diamond" was the first brand name for Canadian Cheddar Cheese.

The origin of the name "Black Diamond" might be of interest. During the early years of the Company, Cheddar Cheese from the country factories was not waxed, and, during the aging process, a surface mould usually appeared on the rind. Prior to exporting cheese to the United Kingdom, the cheese was waxed to prevent further shrinkage (drying out), and when the hot wax came in contact with the rind, it immediately turned black. Thus — a diamond among cheese for flavour and black on the outside — what could have been a better name than "Black Diamond". Today, all factory cheeses are waxed shortly after they are manufactured and the surface mould no longer appears. Several imitations of the black coating are still to be found, and these are made by dipping the cheese in black paraffin.

Today, Black Diamond Cheese, Limited is composed of several companies which were formerly in the Cheese Business in Canada. In 1952, Black Diamond purchased the Old Cave Cheese Company, Tweed; in 1961, the Clover Valley Food Co. Limited, Toronto; and, in 1959, it amalgamated with W. S. Cook & Son Limited, Belleville.

The historical connections of the W. S. Cook & Son Limited with the Canadian Cheese Business date back to 1874. John Scott Cook emigrated to Belleville in 1856 from Glasgow, Scotland, and opened a local grocery store. With him was his son, William Scott (W. S.) Cook. In the early days, it was quite common for the local farmers to come first to the Cook's Grocery Store to trade their excess produce for provisions they required. As the Cheese Industry developed and factories began to appear in the Belleville Area after 1865, the extra cheese offered to the store soon became more than it could handle. Accordingly, W. S. Cook started his own produce company for the purpose of exporting to the British Market. It is also of interest to note that, prior to Mr. Hart's forming the Belleville Cheddar Cheese Limited in 1933, he was a very good customer of the W. S. Cook & Son Limited in Belleville on his frequent buying trips to Canada.

Since Black Diamond was established primarily to export cheese, it is not surprising that little attention was given to the domestic market in the early years of the Company. Nevertheless, knowledge of an exceptionally good cheese is hard to keep from connoisseurs, and soon orders from the better restaurants, and the individual connoisseurs in both Canada and the United States necessitated a form of cheese other than the large 90 pound wheel.

Early in the 1930's, Mr. Hart ordered one hundred 10 pound wheels from the Foxboro Cheese Factory, north of Belleville. Today, tens of thousands of these Black Diamond Circles are mailed to all parts of the world from Belleville, as a result of this small beginning. Foxboro Cheese Factory, now in a new plant, still manufacture high-quality Cheddar Cheese for Black Diamond Cheese, Limited.

Following World War II, the United Kingdom Market was closed for export to the private trader, and, in 1953, the American Market was also closed due to an embargo on cheese entering that country. These years were difficult years for the Company. Having based most of its business on foreign markets, it now had to turn to the development of the Canadian Market.



Picture courtesy Jones & Morris

The late Mr. S. L. Joss, President of Black Diamond Cheese, Limited from 1947-1956 examines Black Diamond ten pound circles in the company's old curing rooms. Notice the rind on these cheese which would turn black when they were dipped in hot paraffin wax.

At this time prepackaging of Cheddar Cheese to accommodate the newly-developing supermarkets was just beginning to take place. In order to enter this field, Black Diamond purchased the Old Cave Cheese Company in 1952. This acquisition also introduced Black Diamond to the handling of block cheese instead of the traditional 90 pound rounds. The significance of this acquisition is apparent today as almost all Black Diamond's business is prepackaged for store distribution, and the cheese held for maturing is largely made up of 40 pound blocks rather than the traditional 90 pound wheels.

The amalgamation of the W. S. Cook & Son Limited, in 1959, complemented Black Diamond's business, since the former Company was largely engaged in bulk wholesaling of cheese, whereas Black Diamond was merchandising a branded Cheddar to the consumer.

During the same year, Black Diamond was appointed the North American Representative for the Milk Marketing Board of England and Wales for the purpose of marketing their English varieties of cheeses. This was indeed a reversal of the Company's founding purpose — that of exporting — it had now moved to importing. Yet the increasing demand on the part of the North American consumer for a wider variety of cheese has proven this venture successful, and the sales of the Company's imported types continue to grow.

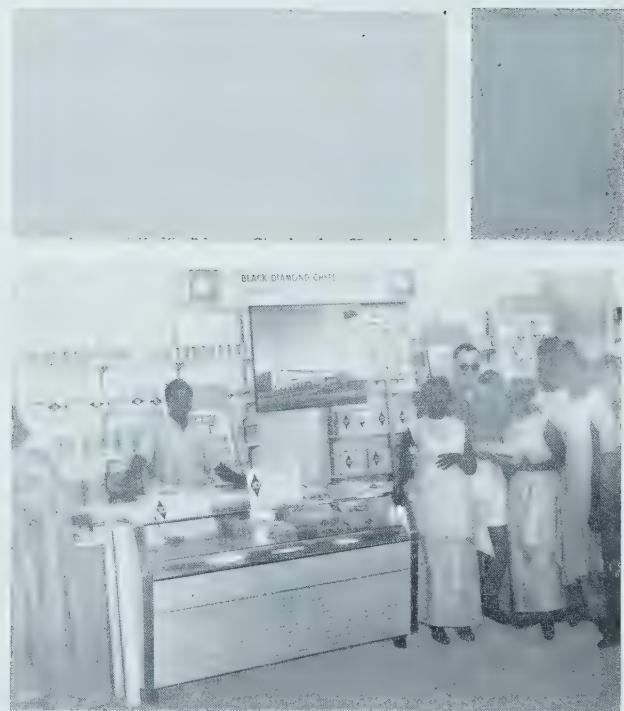
In 1961, Black Diamond acquired the Clover Valley Food Co. Limited which was primarily in the Process Cheese Business. Today, Process Cheese sales account for a substantial portion of Black Diamond Cheese, Limited's business.

Originally, Black Diamond was only marketed as "white" (natural color) Canadian Cheddar Cheese. "Colored" (Orange) Cheddar Cheese, which is made by adding coloring to the milk before the cheese is manufactured, was marketed under different names. In the 1950's, the Company made the decision that all of its products should be marketed under the Black Diamond label, and today a complete range of quality cheeses are available to the consumer under the familiar Black Diamond insignia.



13/0
Picture courtesy Anthony Hayman

Cheddar cheese grading is done by the senses of the eye and the nose - here Tom Stubbert, production superintendent, examines a traditional 90 pound wheel of cheese before it is sent to be prepackaged.



Black Diamond Cheese is World Famous. Pictured above is President Donald Joss showing the cheese to a Nigerian family at the Lagos International Trade Fair in 1962.



The success of Black Diamond Cheese products has been mainly due to the maintenance of high-quality standards, but up-to-date marketing and packaging, and the addition of new products has also helped to keep the Company's leading position in the Cheese Business.

In 1957, Black Diamond first introduced its 8 Ounce Stix to the consumer. It met with immediate success. Today, this package has been copied by all Black Diamond's leading competitors. The Black Diamond Cheddar Cheese Circle, introduced in the early 1930's, is still popular as a gift package and is widely imitated.

With the introduction of the new Black Diamond logo in 1961, the Company won, in national competition, the Packing Association of Canada's first prize for consumer-packaging design.

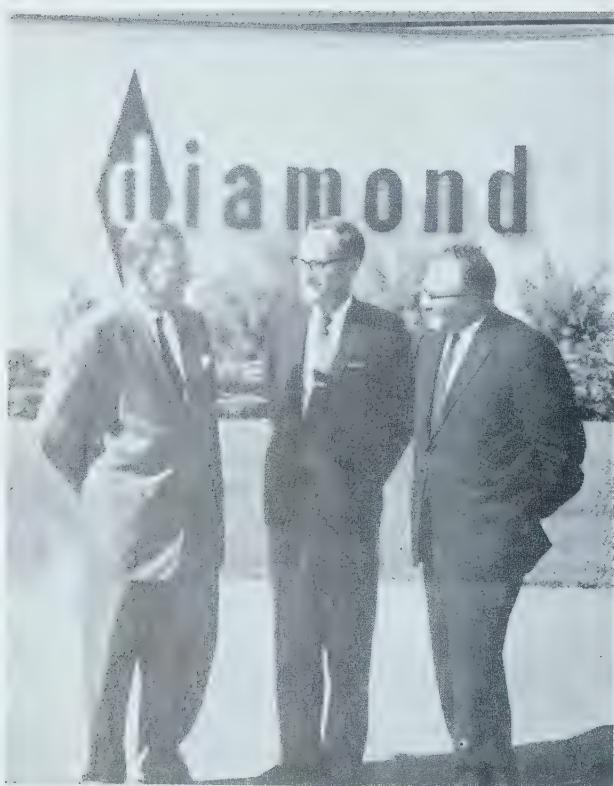
In the short time the Company has been in the Process Cheese Business, it has been the first to introduce a consumer table jar for its famous gourmet Cheez Pleez. Also, to increase appetite appeal, it has introduced rotogravure printing on its slice packages, which could well revolutionize packaging of cheese as such.

New products are essential to meet the rapidly changing demand of today's consumer. Black Diamond has also lead in this field with the introduction of Wine Cured Cheddar Cheese, Aged in Beer Cheddar Cheese, Hickory Smoked Process Cheese, and French Onion Cheddar Cheese, as well as many others. Every year, several new products and packages are added to the Black Diamond line.

Most of Black Diamond's Cheddar Cheese is obtained from factories in the general area surrounding the City of Belleville. It is worthy of note that one of Black Diamond's supplying cheese factories, the Selby Cheese Factory, North of Napanee, has been several times Grand Champion of the British Empire Dairy Show, the Grand Champion of the Scottish Dairy Show in 1964, the Grand Champion of the Olympic Dairy Show in London, England, in 1965.

The local factories which supply cheese to Black Diamond Cheese, Limited have had the highest grade average of all factories in Central Ontario for the past five years.

In 1965, Black Diamond International Limited sold its business in the United Kingdom and Europe to Trengrouse & Nathan Limited of London, England. The purpose of this sale was to strengthen the Black Diamond Organization throughout the world and combine the resources of Trengrouse & Nathan Limited of London, Black Diamond International Limited of Nassau, and Black Diamond Cheese, Limited of Belleville, to the further promotion and expansion of the Black Diamond name and quality image in the Cheese Business.



Picture courtesy Anthony Hayman

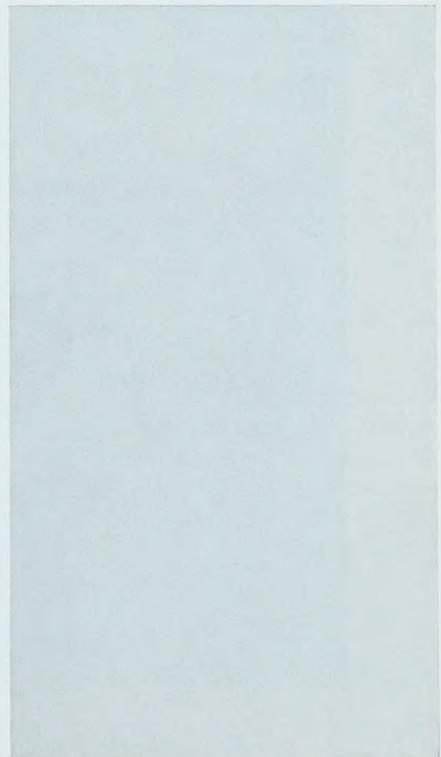
THE CHEESE TRIO

Left to right W. D. Cook, Vice-President, Manufacturing, former President of W. S. Cook & Son Limited; Donald G. Joss, President of Black Diamond Cheese Limited; and M. G. Weiner, Vice-President, Marketing, former President of Clover Valley Food Co. Limited.



"I will make an end to my dinner
There's pippins and cheese to come!"

Shakespeare — The Merry Wives of Windsor.





Mrs. S. L. Joss, Chairman of the Board of Black Diamond International Limited in Nassau, who is in charge of Black Diamond's World-wide operations.

Picture courtesy Anthony Hayman

